

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 AGRE-00 L-03 PA-01 PRS-01 /084 W
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R 161030Z JUN 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 6237
INFO USDOC WASHDC

LIMITED OFFICIAL USE ABU DHABI 1797

E.O. 11652: N/A
TAGS : EFIN TC
SUBJECT : PRICE CONTROLS IN ABU DHABI AND SHARJA

1. JUNE 16 LOCAL PRESS HAS ANNOUNCED THAT UAE PRESIDENT SHAIKH ZAYID, IN HIS CAPACITY AS RULER OF ABU DHABI EMIRATE, HAS ORDERED PRICE CONTROLS ON "ESSENTIAL COMMODITIES". MEASURE IS TO APPLY ONLY TO ABU DHABI EMIRATE AND COMMITTEE UNDER ABU DHABI MUNICIPALITY IS TO BE ESTABLISHED TO DEFINE WEEKLY SELLING PRICE AND WHAT COMMODITIES ARE TO BE INCLUDED. IT IS EXPECTED THAT THIS MEASURE WILL BE APPLIED ONLY TO MOST COMMONLY USED FOOD STAPLES.

2. ANNOUNCEMENT COMES ON HEELS OF ANNOUNCEMENT BY RULER OF SHARJA WHICH PROHIBITS RENT INCREASES IN THAT EMIRATE DURING PERIOD OF TWO YEARS AND MAKES EVICTION OF TENANTS MORE DIFFICULT. THIS ANNOUNCEMENT COMES AT TIME WHEN IT HAS BECOME INCREASINGLY APPARENT THAT SUPPLY OF NEW APARTMENTS IN SHARJA IS EXCEEDING DEMAND AND VACANCIES EXIST (ABU DHABI'S 1665) SO THAT SHARJA RULER ANNOUNCEMENT MAY BE MORE OF A MEASURE TO PROTECT LANDLORD THAN TENANT.

3. COMMENT: THERE IS GENERAL DESIRE WITHIN UAE TO COME TO GRIPS WITH INFLATION BUT NO CLEAR IDEA HOW GO ABOUT DOING SO. IN ABU DHABI
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DESIRE COUNTER INFLATION HAS FOR MOMENT OVERCOME COMMITMENT TO FREE WHEELING CAPITALISM IN RESTRICTED CONSUMER SECTOR. BUT WE ARE DUBIOUS THAT ABU DHABI HAS FOUND SATISFACTORY SOLUTION EVEN IN SHORT RUN. RULES OF GAME WILL REST IN HANDS OF INEFFICIENT BUREAUCRACY AND THIS WILL SURELY GENERATE CONFUSION AND RESENTMENT. FACT THAT NEIGHBORING EMIRATES, (PARTICULARLY DUBAI WHERE NEARLY TWO THIRDS OF THE UAE'S IMPORTS ARRIVE) ARE NOT INCLUDED

RAISES QUESTION WHETHER SUCH PRICE CONTROL MEASURES CAN EVER
BE ENFORCED.
DICKMAN

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Message Attributes

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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 16-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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